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S E C R E T SECTION 01 OF 03 TAIPEI 003964

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SUBJECT: DPP CANDIDATE FRANK HSIEH ON UPCOMING MAYORAL
ELECTIONS, DOMESTIC POLITICS, AND TAIWAN-JAPAN RELATIONS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (S) Summary: DPP Taipei mayoral candidate Frank Hsieh told the Director on November 22 that his only hope to eke out a narrow victory on December 9 is if there is a large enough split in the pan-Blue vote. According to Hsieh, this would require PFP Chairman James Soong and other minor candidates together to pick up at least 15-20 percent the overall vote. In Kaohsiung, Hsieh noted that the DPP still trails the KMT in the polls. If the DPP loses both Kaohsiung and Taipei, then DPP Chairman Yu Shyi-kun will step down and Premier Su Tseng-chang may well also resign. President Chen, however, will not step down because he does not want to risk indictment and trial, Hsieh stated, adding that he had advised the President to consider taking this step. Hsieh also said he expects Taiwan-Japan relations to improve quietly under Prime Minister Abe. End Summary.

The Taipei Mayoral Election

¶2. (C) Democratic Progressive Party (DPP) Taipei mayoral candidate and former Premier Frank Hsieh told the Director on November 22 that his slender hopes for victory on December 9 hinge on a possible split in the pan-Blue vote. In addition to Kuomintang (KMT) candidate Hau Long-bin and himself, there are four other candidates in the race, Hsieh noted. If these four together win 20 percent of the vote, then Hsieh said he will have an opportunity to win, while if their total is under 15 percent, then he will have no chance. Issues are not important at this stage of the race. The key factors are basic party strength -- 65 percent pan-Blue and 35 percent pan-Green in Taipei -- and the operation of the principle of dumping a weaker candidate to protect a stronger one.

¶3. (C) Recent public opinion polls show his support at 23-24 percent, Hsieh noted, but an additional 15 percent should be added to this figure to account for "hidden DPP voters," who do not respond to poll takers. That would bring his current expected vote total to about 40 percent. According to DPP calculations, PFP Chairman James Soong's current expected vote total is about 18 percent, but perhaps half of Soong's supporters will end up voting for Hau on election day as they

"dump Soong to protect Hau." Hsieh projected that in the end the KMT's Hau Long-bin will win about 42-43 percent of the votes.

Kaohsiung

14. (C) Polling is more accurate in Kaohsiung than Taipei, because the DPP is the ruling party in Kaohsiung and DPP supporters are therefore more willing to reveal their preferences to poll takers. As in Taipei, however, some people who support the DPP do not have the "face" to say so because of the scandals surrounding President Chen. The ongoing investigation of Kuomintang Taipei Mayor Ma Ying-jeou's use of a special mayoral account has had only a small effect on the races in Kaohsiung or Taipei, Hsieh said.

Another new factor influencing the elections is the sympathy voters feel for KMT Taichung Mayor Jason Hu and his wife, who has been in critical condition following a recent serious traffic accident on the way home from a campaign rally for the KMT Kaohsiung candidate. DPP candidate Chen Chu is still about 7-8 percentage points behind KMT candidate Huang Chun-ying in the polls. Taiwan Solidarity Union (TSU) candidate Lo Chih-ming will be an important factor in the Kaohsiung election. Lo, who will not quit the race, gains votes from pan-Blue supporters when he attacks the DPP and from pan-Green supporters when he attacks the KMT.

15. (C) DPP Chairman Yu Shyi-kun will step down if the DPP loses the mayoral elections in both Taipei and Kaohsiung on December 9, Hsieh said. Legislative Yuan (LY) member Trong Chai, perennial candidate, would likely run in an election for a new party chairman, and Hsieh confided he might also

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run. (Comment: assuming he loses the Taipei elections, of course. End Comment.) In addition to Yu, Premier Su Tseng-chang will probably also step down, judging by his

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character and his political needs. Su will be looking for an opportunity to launch his presidential campaign, and might choose to step down to take responsibility for a defeat in the two cities. Hsieh predicted that President Chen will want to appoint acting Kaohsiung Mayor Yeh Chu-lan as his next premier.

President Chen

16. (S) If the DPP loses the two mayoral contests, President Chen will not step down because he does not want to face indictment and risk a trial, Hsieh said. The party will not ask Chen to step down and DPP legislators will not dare turn against Chen, because taking such a step would cost them votes in difficult LY elections next year. Hsieh confided to the Director he had advised President Chen to consider stepping down and that he was in favor of Chen's stepping down. Hsieh added, however, that he could not say this publicly. Based on his long association with Chen, Hsieh expressed confidence that the President and his wife were innocent of corruption charges, although they did have a problem involving political ethics. While not corrupt, the First Family has been very lax in its behavior, Hsieh observed. Hsieh also noted that the New Tide faction had recently held an important meeting, at which a minority favored leaving the DPP, but most argued they should stay in the party.

17. (S) The worst time for President Chen has passed, Hsieh believed. Chen has been weakened politically and while he can deal with simple issues, he can no longer simply order the Premier what to do. Although Chen remains in control of foreign policy and defense, he cannot accomplish major initiatives like constitutional revision, Hsieh maintained, adding that the people do not believe Chen can accomplish

anything on the constitution in his final year and a half. He is promoting this proposal simply to appease his Deep Green base supporters. Nonetheless, Chen will try to influence the DPP presidential nomination by maneuvering behind the scenes if he does not step down before 2008, Hsieh suggested. Using the saying "unable to accomplish anything but liable to spoil everything" to describe Chen, Hsieh observed that Chen does not have the power to put someone in the presidency but does have the power to undermine potential candidates.

Annette Lu, Lee Teng-hui, and the "Third Force"

18. (S) According to Hsieh, Vice President Annette Lu does not give people a sense of security, and thus has only a small group of supporters in the DPP. However, former President Lee Teng-hui supports Chen stepping down and Vice President Lu becoming President, though Lee does not say this publicly. Hsieh expects the influence of Lee, who is in poor health, to gradually decline. Lee, who has a strategic outlook, hopes to promote a third force in Taiwan politics, but this will not be easy. According to Hsieh, a third force can only materialize if some current legislators, passed over in nominations for election to the reduced size legislature next year, join together.

The DPP Next Year

19. (S) There are two factors key to improving the DPP's situation next year, Hsieh suggested. One is that President Chen's case does not worsen. Public support for Chen in public opinion polls is now about 20 percent, and this could potentially rise to 30 percent. Second, the DPP needs to coordinate with the TSU to ensure there will be only one pan-Green candidate, either DPP or TSU, in each LY election district. In the absence of such coordination, there could

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be two pan-Green candidates, and both would lose.

Taiwan-Japan Relations

110. (C) The Director noted Hsieh's meeting one day earlier with former Japanese Prime Minister Mori. Taiwan-Japan relations have improved, Hsieh observed; Prime Minister Abe and his advisors are pro-Taiwan. Although substantive relations will continue to improve, Japan will not openly support Taiwan because of the importance of China. Abe wants to improve Japan's relations with China for political reasons but understands this improvement has limits. Japan will pursue a two-handed strategy toward China of improving and hedging relations.

Comment

111. (S) Hsieh's chances of winning Taipei remain low, though as he notes he still has a long shot if Soong stays in the race and wins enough votes. The race in Kaohsiung is much tighter. If the DPP loses Kaohsiung as well as Taipei on December 9, there is sure to be a resurgence of the anxiety and criticism within the party that have repeatedly surfaced over the past year. Frank Hsieh's perspective is colored by his ambition to play a leading role in DPP politics after Chen is gone. Hsieh is obviously therefore frustrated by the conundrum Chen's personal problems have thrust both him personally, and the party writ large, into in recent months.

YOUNG